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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1972

No. 72-47

HAYDEN PUBLISHING COMPANY, INC. and
HAYDEN BOOK COMPANY, INC.,

Petitioners,

v.

VAN VALKENBURGH, NOOGER & NEVILLE, INC.,

Respondent.

PETITIONERS' REPLY BRIEF

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PETITIONERS' REPLY BRIEF[1]

The arguments raised in respondent's brief in opposition to the petition for certiorari are that the New York Court of Appeals' judgment (A.2-4) that petitioners seek to have reviewed is not within this Court's jurisdiction to review because (1) it is "based upon adequate and independent state grounds" (opp. brief, pp. 7-11) and (2) it is not a "final judgment" within 28 U.S.C. Sec. 1257 (opp. brief, pp. 12-14). These arguments are preceded by a highly distorted statement of the facts of the case obviously intended to cast petitioners in an unsympathetic light so as to divert the Court's attention from the important federal question presented by the petition.

1. References are made herein as in the petition for certiorari. References preceded by "A." are to the appendix to that petition. The record on appeal contains separately paginated sections. References preceded by "R.I." are to Vol. I of the record on appeal. References preceded by "R." alone are to Vols. II through XV of the record on appeal, which are consecutively paginated throughout. Exhibits are referred to directly.

Respondent's Distortion of the Case

Respondent's "statement of the case" (opp. brief, pp. 2-6) improperly weaves into it findings of fact made by the trial court which were rejected upon appeal and makes statements of fact not found by any court.

The Appellate Division had jurisdiction here to fully review the facts of the case, CPLR[1] 5501(c) upon petitioners' appeals to it. It did so. It modified the trial court's determination "in very material respects" (A.8) upon the facts as well as the law (A.16, A.20). It expressly specified in its order determining such appeals that it reversed not only the trial court's conclusions but the trial court's findings of fact as well which were inconsistent with the Appellate Division's determination (A.17)[2] and expressly set forth its own determination in the form of new combined findings and conclusions made "in lieu" of the trial court's findings it reversed (A.17-18).

Thus, when the Appellate Division found and concluded that the action, properly viewed, involved only a breach by the book publisher of its contractual obligation to use "best

1. New York Civil Practice Law & Rules.

2. At fn. 5, p. 5, of respondent's brief, it appears to be attempting to suggest that this general specification of the trial court's findings reversed by the Appellate Division was insufficient compliance with the requirement of CPLR 5712(c)(2) that its order specify findings reversed, so that the New York Court of Appeals was required to consider the Appellate Division's modification as one made solely upon the law, impliedly affirming the trial court's findings. This is simply untrue, *Ammirati* v. *Wire Forms, Inc.*, 298 N.Y. 697, *Matter of Zellner*, 299 N.Y. 243, Cohen & Karger, *Powers of the New York Court of Appeals* (rev. ed.) p. 545. It is, moreover, apparent, from the Court of Appeals' decision that it did not do so.

efforts to promote" respondent's books, it rejected the trial court's findings that would have sustained its view that there had been a breach by the book publisher of its implicit contractual obligation of good faith and fair dealing. The New York Court of Appeals expressly so recognized. It observed in its decision that the Appellate Division, in contrast to the trial court, "found there had been no breach" of such obligation (A.8). It expressly characterized the Appellate Division's determination as a finding that there had been a "narrow breach" of the book publisher's "best efforts" obligation (A.10).

Upon petitioners' and respondent's appeals from the Appellate Division's order, the New York Court of Appeals had power to review only questions of law. It would, of course, take to be so any facts supported by evidence which were undisputed by the parties. But as to other facts, the New York Court of Appeals had to assume that the facts were whatever would be consistent with the Appellate Division's determination. Thus, the impliedly affirmed findings were those respecting facts reflected in the trial court's own determinations that the book publisher's "best efforts" promise had been breached (its conclusions 6 through 8, R.I.58-9). In addition, the New York Court of Appeals, in considering those findings which had been affirmed, was nonetheless bound to disregard facts they set forth to the extent not supported by any evidence, since, under New York practice, whether an affirmed finding is supported by "some" evidence, so as to be legally sufficient, is itself considered a question of law within the New York Court of Appeals' powers to review, Karger, *"The New York Court*

of Appeals: Some Aspects of the Limitation on Its Jurisdiction," Record of the Association of the Bar of the City of New York, Vol. 27, No. 6 (June, 1972), pp. 365-366, Cohen & Karger, *Powers of the New York Court of Appeals* (rev. ed.) p. 491.

Thus, when the Court of Appeals' decision begins its description of the facts of this case with the phrase,

> "Assuming the facts most favorable to the author, consistently with the findings which have been affirmed by the Appellate Division," (A.6),

it is there setting forth the facts of the case *most favorable to respondent* here, (1) as reflected by the trial court's findings which the Appellate Division affirmed, in so far as supported by any legally sufficient evidence, and (2) as were undisputed by the parties. That description of the case is markedly different from what is said in respondent's opposing brief, in some more salient particulars, as follows.

1. The Court of Appeals' decision does *not* describe Mileaf's books as "similar in appearance" to Van Valkenburgh's, for the undoubted reason (since they were physical evidence before it) that it did not think they evidenced similarity of appearance. Nor did it find worthy of observation the undisputed fact that both are published as books of the same size in both individual paperback and combined hardbound book forms.[1]

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1. All the book publisher's other books in evidence were also the same size (Exhs. 19, 109, CI and CS), and the uncontroverted documentary evidence showed it customarily publishes longer works both as sets of individual paperback volumes and in combined volume hardbound book form (see Exh. 52).

2. The Court of Appeals' decision does *not* describe Mileaf's books as "imitations" of respondent's. That word is simply respondent's counsel's favored pejorative for describing the uncontroverted fact that both books have the same public domain characteristic, namely, in the Court of Appeals' phrase, their "method of organizing, presenting and picturing" material, or as the trial court described it, their "manner" of presenting information as "separate . . . generally self-contained unit[s] . . . [e]ach . . . presented on one or a multiple of a page, and . . . almost each . . . hav[ing] one or more illustrations portraying the single or related subjects" (opposing brief, pp. 3-4), or as petitioners have attempted to more articulately indicate: the books have a common format characteristic of presenting information in short textual units, one to a few whole pages in length, containing illustrations dealing with their subject matter. The Court of Appeals' decision does not say *and the trial court did not find* that this characteristic of the Van Valkenburgh books was or ever had been unique or unusual either generally or to books on electricity and electronics fundamentals.

3. The Court of Appeals' decision does *not* say that the book publisher arranged preparation of Mileaf's books to appropriate any part of the market for respondent's books or to avoid paying high royalties to it. This finding of the trial court was wholly unsupported by any evidence; it made no sense, since it was clearly against the book publisher's own interests in view of the trial court's own other findings that the book publisher's profits on respondent's books were very high (R.I.24) and that Mileaf's books cost it twice as much, per volume, as respondent's books to produce (R.I.55); and it had obviously been reversed

by the Appellate Division's rejection of the trial court's determination that Mileaf's books were published in bad faith (A.8).[1]

4. The Appellate Division had impliedly affirmed the trial court's findings that the book publisher "reduced" and "suspended" advertising for respondent's books "through March 1967" (R.I.51). The Court of Appeals' decision shows that to the extent these findings were supported by evidence, they related to a "suspension" of "the magazine advertisement" for the Van Valkenburgh books "in early 1967," (A.7).[2] But, the judgment here covers publication of the Mileaf books without limitation to any such period, and it is undisputed that their publication began in 1966 (A.7) and continued through the end of trial in September 1968 (A.33) and thereafter.

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1. There was, moreover, no evidence whatever in this case of any "appropriation" (in any sense of that word) of the market for respondent's books. The uncontroverted evidence showed that their sales continued during the period of publication of the Mileaf books covered by the trial substantially unchanged from that they had been during the like preceding period (see A.11) 1. Respondent conceded at the close of trial that it had not proved that any sale of any Mileaf books had occurred "in place of" sales of its books (R.5526). Of the 2 of the 7 major industrial purchasers of respondent's books identified by the record (R.1300, 1303, 1306) to whom the evidence showed that the Mileaf books were offered by the book publisher in 1967, one, the International Brotherhood of Electrical Workers, was shown to have considered purchase of Mileaf's books for training programs for which it had previously abandoned or never used respondent's books, except for 1 volume thereof, due to what the IBEW regarded as their excessive simplicity (R.3352-3, 3366, 3369), but to have rejected Mileaf's books because of their substantially higher level (R.3380) than those programs involved, and the other, Western Electric (the Bell Telephone Companies) was shown by respondent itself to have purchased its books at a higher rate in 1967, while purchasing some Mileaf books, than it had done the preceding year, before doing so (R.1267-9).

2. It was uncontroverted that the advertisement involved was published in April 1967 (Exh. 86, R.1752-3, R.1717), and the documentary evidence showed more advertising of Van Valkenburgh's books in 1967 as a whole than in 1966.

5. Respondent's statement that the book publisher directed its salesmen to sell the Mileaf books exclusively is entirely false. The evidence of the continued sale of the Van Valkenburgh books after publication of the Mileaf books was uncontroverted (A.11). The Court of Appeals' decision merely states that the record (Exh. 95) showed (A.7) that the book publisher's sales staff spent a large part of its time during the 8 weeks preceding March 21, 1967 (when the Mileaf books were most new) in promoting them.

The Judgment Is Not Based on an Adequate and Independent State Ground

Respondent's brief does not dispute that the federal question presented by the petition for certiorari is substantial and important, and reflects a claim of right under federal law and public policy properly and consistently asserted by petitioners throughout the case in defense thereof. That claim has been that interpretation and enforcement of respondent's rights under its contract with the book publisher so as to allow it recovery in this action for the book publisher's publication of the competing Mileaf books unlawfully (as a matter of federal law) restrains competition, expands respondent's copyright monopoly and awards it compensation for a competitor's exploitation of ideas which are public domain. Yet, respondent's brief in opposition argues (pp. 7-11) that the judgment is not reviewable by this Court because it is "based on an adequate and independent state ground."

Under this recognized principle of this Court's jurisdiction, a state court judgment is *not* based upon "adequate

and independent state grounds" simply because the state court has failed to expressly found its decision upon consideration of the claim of federal right asserted to it, *Chapman* v. *Goodnow's Administrator,* 123 U.S. 540, 548, *West Chicago R. Co.* v. *Chicago,* 201 U.S. 506, 519-520, nor even because the state court has expressly stated that its determination was based on state grounds, either because it genuinely thought so, *Chicago B. & C. R. Co.* v. *Drainage Commissioners,* 200 U.S. 561, 579-581, *Columbia Ry.* v. *South Carolina,* 261 U.S. 236, 244-245, or was deliberately attempting to evade consideration of a properly asserted claim of federal right, *Ward* v. *Love County,* 253 U.S. 17, 21-22.

The test of "adequate and independent state grounds" has never been what the state court *did,* but whether it was necessary for it to have considered and passed upon the claim of federal right asserted, to determine the cause before it and render the judgment that it did. The pertinent cases cited by respondent, as well as those above, so indicate. As stated in *Lynch* v. *New York,* 293 U.S. 52 at 54, the rule is,

> "not only that the federal question was presented for jurisdiction to the highest court of the State having jurisdiction but that *its decision of the federal question was necessary to the determination of the cause,* and that it was actually decided *or that the judgment as rendered could not have been given without deciding it.*" (emph. added)

Additionally, a state court judgment does *not* rest on an "adequate and independent state ground" if the state ground is not broad enough, without reference to the fed-

eral question, to sustain the judgment, *Murdock* v. *Memphis,* 20 Wall. 590, 636, *Eustis* v. *Bolles,* 150 U.S. 361, 370, or if "interwoven with," rather than independent of, the federal claim raised, *Enterprise Irrig. Dist.* v. *Farmers Mutual Canal Co.,* 243 U.S. 157, 164, or if untenable, *Ward* v. *Love County,* 253 U.S. 17, 22, or insubstantial, *Williams* v. *Kaiser,* 232 U.S. 471, or a device to prevent decision of the federal question, *Enterprise Irrig. Dist.* v. *Farmers Mutual Canal Co., supra, Postal Tel. Cable Co.* v. *Newport,* 247 U.S. 464, 475-6, *Lawrence* v. *State Tax Commission,* 286 U.S. 276, 282.

Here, respondent contends that the Court of Appeals' judgment (A.2-4) rests on an adequate state ground independent of petitioners' claim of federal right undisputedly raised before it despite the glaring fact that the judgment in this case allowed by the Appellate Division's order (A.15-18), which the New York Court of Appeals' judgment affirms (A.3), expressly decrees that respondent recover "all . . . loss or damage sustained in consequence of the publication of" Mileaf's books (A.31) and even further adjudges, in advance of any trial given to petitioners of issues of damages, that respondent "have judgment for" amounts of 15% of the retail list prices of all copies of Mileaf's books sold (A.29).

That "adequate and independent state ground" is said to be that the Court of Appeals "did not have jurisdiction, in this case, to determine the federal question" presented to it by petitioners (opp. brief, p. 7). That lack of jurisdiction is said to have existed because the Appellate Division's "order granting permission to appeal limited

the . . . Court of Appeals to a consideration of the issues of law decided by the Appellate Division, which were 'that there was no fiduciary relation . . . ; that there was a breach . . . of a specific undertaking of the contract; and that money damages were a sufficient measure for the breach' " (opp. brief, p. 9). This, in turn, is said to have been so because the Court of Appeals "stated in its opinion, that it did not have jurisdiction to consider any other question on the appeal" (opp. brief, p. 9).

Respondent's contention is utterly without merit. It is premised upon a false representation to this Court of the orders of the Appellate Division granting permission to appeal. Its orders granting all parties permission to appeal are set forth in an appendix to this reply brief and were part of the record on appeal to the New York Court of Appeals.[1] The question certified thereto in the Appellate Division's orders granting petitioners permission to appeal was:

> "Was the order of this Court entered on February 6, 1970, which modified the judgment of the Supreme Court, properly made?"

This kind of certified question empowered the New York Court of Appeals to review *all* issues of law in the case raised by the Appellate Division's order, *Erie R. Co.* v. *Sells,* 298 N.Y. 58, 60, Cohen & Karger, *Powers of the New York Court of Appeals* (rev. ed.) p. 370, fn. 1. The Court of Appeals thus had jurisdiction to review *any* claim asserted to it that the Appellate Division's order was erroneous in any respect as a matter of law—state or federal. That alone was the broad limit of its power to review, *Mohnmann* v. *Kobb,* 291 N.Y. 181, 190.

1. See Vol. A of the record on appeal, pp. 17 *et seq.*

Thus, when petitioners contended to the New York Court of Appeals that the Appellate Division's order was erroneous as a matter of law in holding them liable for publication of Mileaf's books because federal law precluded imposition of liability therefor, that Court had jurisdiction to consider the question.

Moreover, in determining the appeals taken to it, the Court of Appeals was required by New York law to pass upon and answer the question certified, CPLR 5614, and it did so (A.3). The order it had to review was one affirming the trial court's judgment as modified thereby (A.18), thus allowing a judgment against petitioners in this case for respondent's damages *"sustained . . . in consequence of the publication of"* Mileaf's books (A.31, emph. added).

Under New York substantive law, damages recoverable for breach of contract are those resulting from the conduct which breaches the contract. See 13 *New York Jurisprudence,* pp. 471, 481, and cases there cited. Thus, unless the book publisher had breached its contract to use "best efforts to promote" respondent's books by publishing Mileaf's books generally, and not simply by some neglect to have promoted Van Valkenburgh's books for sale themselves while doing so, the Appellate Division's order was not "properly made" under New York law.

The Court of Appeals therefore had to consider whether the book publisher was within its claimed federal right asserted or had breached its contractual obligation to promote Van Valkenburgh's books *by publishing* Mileaf's books. It expressly so recognized. Long before the near

conclusory portion of its decision respondent cites, the Court's decision expressly stated:

> "To decide this author-publisher controversy it is *necessary* to see . . . *especially* what are the rights of a publisher as to the production of other works competing with the specific work of an author's," (A.8, emph. added),

and its decision then proceeds to state that while such a contract as made here does not "close off the right of a publisher" to develop and publish competing works (A.9), nevertheless, that "general freedom of the publisher to produce competing works" was not the answer to the litigation because "there may be a point where that activity is so manifestly harmful to the author . . . as to justify the court in saying there was a breach of the covenant to promote the author's work." (A.10).[1]

In sum, the New York Court of Appeals had to decide whether or not and, if so, to what extent, the book publisher's contractual promise to promote respondent's books impliedly restricted it, and was enforceable as a matter of law as a promise impliedly restricting it, from publishing competing books, and, if so, whether the obligation was breached by publication of the Mileaf books. It did so, both expressly in its decision and by the necessary effect of its judgment (A.2-4).

1. It may be noted that the syllabus of the case stated by the West Digest State Reporter at 330 N.Y.S. 2nd 329 says: "The Court of Appeals, Bergan, J., held that although a publisher has a general right to produce competing works even though there may be lessening of author's royalties, there may be a point where such activity is so manifestly harmful to author, and must have been seen by publisher so to be harmful, as to justify court in saying there was a breach of covenant to promote author's works."

The Court of Appeals may genuinely have thought that it could decide the above questions without consideration of petitioners' claim of right under federal law asserted to it,[1] or it may have been deliberately avoiding all reference to that claim in order to circumvent it. Whichever it did is immaterial. Petitioners' claim was that federal law precluded imposition of liability for publication of Mileaf's books by interpretation and enforcement of respondent's rights under state law, and the Court of Appeals necessarily had to consider that claim to make the judgment of affirmance of the Appellate Division's order as "properly made," which it made (A.3). This Court has only to assume that the answer to the question presented in the petition for certiorari is "yes" to recognize that the judgment rendered could not then stand. Indeed, it is to obtain a genuine review of that claim of federal right completely improperly disregarded by the New York Court of Appeals that the petition for certiorari has been made.

There is a second branch of respondent's argument that the judgment is based "on an adequate and independent state ground" which appears at pp. 9-11 of its opposing brief. There, respondent asserts that petitioners are wrong in their view of the Court of Appeals' holding (opp. brief, p. 9), because all it held was that the "specific conduct . . . of the Publisher . . . . set out at pages 3 to 5" of its brief—which it characterizes as "appropriation of the market" and "suppression of advertising" for its books (opp. brief, pp. 9-10)—was a breach of the book publisher

1. Its view of federal law of patent licenses seemed to be that under federal law patentees can restrict their licensees' freedom to deal in competing products by obtaining express agreements to such effect (A.9).

"to promote" them (opp. brief, p. 9), and that "it is not, in order to reach that conclusion, necessary to pass on the" federal question presented in the petition (opp. brief, p. 10). It further urges that "Even if . . . the court below had to consider and decide a federal question in reaching its judgment, the mere fact that a federal question may have been involved . . . does not convert the state issue into a federal question that this Court may consider" (opp. brief, pp. 10-11). This branch of respondent's argument is equally without merit.

1st. Respondent's description of the book publisher's conduct described at pp. 3-5 of its brief does not accurately reflect the facts of this case as recognized by the New York Court of Appeals. (See its description of the assumed "facts most favorable to the author" in its decision, A.6-8 and 11).

2nd. Respondent's assertion that the Court of Appeals did not hold that the publication of "manifestly harmful" competing books breaches a book publisher's contractual obligation to promote licensed literary works is utterly contrary to its own prior assertion in this case.[1]

1. Upon the petitioners' motion for reargument to the New York Court of Appeals, respondent, in its brief opposing the motion, said: "the Court in discussing the general right of a publisher to publish books that compete with others that it also publishes, wrote: 'But this general freedom of action of the publisher to produce competing works is not necessarily the answer to this litigation * * * there may be a point where that activity is so manifestly harmful to the author, and must have been seen by the publisher so to be harmful, as to justify the court in saying there was a breach of the covenant to promote the author's work.' It is clear from the foregoing that the Court considered publication of the Mileaf books as a violation of the Publisher's promise to use its best efforts to advance the Author's books. There is no rational basis for . . . claim that the Court intended to say something to the contrary."

3rd. As petitioners have attempted to make clear by the discussion at fn. 1, pp. 12-13 of their petition, they do not seek certiorari to have this Court review imposition of liability upon them for any "suppression of advertising" or other neglect of the book publisher to have promoted respondent's books themselves for sale. Active promotion of the respondent's books *themselves* to public for purchase precisely what petitioners contended was and was the intended, customary, and legally proper limit of what the book publisher's "best efforts" promise required. But as petitioners have shown, the judgment here does not simply or primarily hold them liable for any such conduct. Respondent does not dispute that there was simply no evidence of any neglect of the slightest sort to have promoted the Van Valkenburgh books during 1966 or after early 1967. The judgment in this case could not be and was not sustained on such a basis; it awards damages "in consequence of the publication of" Mileaf's books (A.31).[1]

4th. The Court of Appeals' decision here *nowhere* discusses the case in terms of "appropriating the market" for respondent's books. It does so simply in terms of the publication of competing books whose publication is "manifestly," or obviously, "harmful" to continued sales of respondent's books. It is not even the *degree* of "harm" upon which the decision rests,[2] but the apparentness or "manifestness" of some harm. Respondent's choice of language

1. Nor could the judgment be sustained upon some state view that use of non-confusing similar advertising for the Mileaf books as was used for the Van Valkenburgh books breached the "best efforts" promise. Again, as respondent does not dispute, there was simply no evidence of any advertising for the Mileaf books after 1967.

2. The degree of harm to continued sales of respondent's books was never factually determined. See the Court of Appeals' statements in its decision at A.11.

simply reveals its view that the market for books on electricity and electronics fundamentals is, as respects the book publisher, its private fiefdom, and that competition with its books by the book publisher amounts to "appropriating" what belongs to it. Petitioners' claim of federal right was *precisely* that this is not so, and that it has no obligation to refrain from publishing admittedly newer, more comprehensive, competing Mileaf books. That claim was directly opposed to respondent's claim to recover damages in this case for their publication. Thus, even had the Court of Appeals' view had been expressed in terms of "appropriating the market" for respondent's books, petitioners' claim of federal right would have to be passed upon.

5th. Respondent's argument that, granting it was necessary for the Court of Appeals to have considered petitioners' claim of federal right to decide the case, the judgment is still not reviewable because that "does not convert the state issue into a federal question that this Court may consider," is patently incorrect. The state ground is then "interwoven with," and not "independent" of, the claim of federal right. If the defense was well taken, the interpretation and enforcement of the "best efforts" promise as one breached by the publication of "manifestly harmful" competing books is unlawful under federal law, and the Court of Appeals' judgment is erroneous.

What this case, like *Lear, Inc.* v. *Adkins,* 395 U.S. 653, obviously involves, are the conflicting claims of respondent under state contract law and of the petitioners under federal law. Respondent sued to recover for the petitioner book publisher's breach of obligations under state law by

publishing certain competing books. It ultimately succeeded only because of the New York Court of Appeals' view that the book publisher's contractual obligation to promote its books was breached by the publication of "manifestly harmful" competing books. Petitioners' opposing claim was that federal law gave the publisher the right to publish such books and subject respondent to risk of such harm in its own and the public's interest. The claims of right were diametrically opposed, and there could be no "adequate and independent state ground" upon which the judgment was sustainable.

The Judgment Is "Final" Within 28 U.S.C. Sec. 1257

The brief in opposition argues that the Court lacks jurisdiction to review the New York Court of Appeals' judgment (A.2-4) because it is not "final" as required by 28 U.S.C. Sec. 1257. The argument is (1) that the judgment it affirmed was denominated "interlocutory" in the proceedings in the New York Courts (opp. brief, p. 12), (2) that it does not finally terminate the litigation in all respects on the merits, since it provides for an accounting before a referee to determine respondent's damages (opp. brief, pp. 12, 14) to be awarded by a "final" judgment, and (3) that, while this Court has "on occasion, relaxed the rule with respect to finality where there was a practical necessity for deciding a separate and independent federal question, before the parties [were] subjected to 'long and complex litigation which may all be for naught,' " that "This obviously is not such a case," (opp. brief, p. 11).

Respondent's contention that the judgment affirmed by the New York Court of Appeals was designated "interlocutory" in the New York courts is true but immaterial. The test of "finality" is one of federal law, which is not dependent upon whether a judgment is "final" or "interlocutory" under state law, *Department of Banking* v. *Pink*, 317 U.S. 264, 268, *Richfield Oil Corp.* v. *State Board*, 329 U.S. 69, 72, and different considerations apply, *Gotthilf* v. *Sills*, 375 U.S. 79.

Here, the Court of Appeals' judgment is "final" in the real sense that by adjudging that the Appellate Division's order "affirmed" because "properly made" (A.3, A.4), that Court has in fact adjudicated that respondent is entitled in this action to recover damages sustained "in consequence of the publication" of the Mileaf books (A.31). There appears no way under New York procedural law by which petitioners can obtain a further review of that determination by a New York court.[1] Moreover, the judgment thus

1. Under New York practice, once the referee conducts his hearing (which he has postponed, for personal reasons, to November, 1972) and renders his report to the New York Supreme Court, and a judgment for respondent's damages denominated "final" under New York procedural law is then entered in that Court, petitioners will be able to appeal from that "final" judgment to the Appellate Division, CPLR 5701 (a), and, possibly, even to the New York Court of Appeals from the Appellate Division's determination of such an appeal. But, in neither case would petitioners, upon any such appeals, have ability to obtain a review of the New York Court of Appeals' judgment (A.2-4) now rendered herein. CPLR 5501(a), governing the scope of appellate review of "final" judgments under New York practice, provides that they bring up for review "any non-final judgment or order which necessarily affects the final judgment" only where "that non-final judgment or order has not previously been reviewed by the court to which the appeal is taken." New York appellate courts will not review a second time questions examined and determined upon former appeals in the same case, *Osborn* v. *Cardeza*, 208 N.Y. 131, *Adams* v. *Bristol*, 126 A.D. 660, 111 N.Y.S. 231, affd. 196 N.Y.

affirmed further specifies that "respondent shall have judgment . . . in the amounts (plus appropriate interest) of fifteen per cent (15%) of the retail price of all copies" of Mileaf books sold (A.29).

Accepting *arguendo* that this Court formerly interpreted the requirement of "finality" of 28 U.S.C. Sec. 1257 as requiring a judgment which finally terminated the litigation in all respects, it appears clear from this Court's more recent decisions, such as *Radio Station WOW* v. *Johnson*, 326 U.S. 120, *Mercantile National Bank* v. *Langdau*, 371 U.S. 555, 557-8, and *Hudson Distributors* v. *Eli Lilly & Co.*, 377 U.S. 386, 389, n. 4, that this Court no longer does so, and that it is not barred from reviewing an important federal question because further proceedings are contemplated under the judgment sought to be reviewed, especially where the further contemplated proceeding will lead "inexorably" to judgment against the petitioners based upon the determination already made, *Mills* v. *Alabama*, 384 U.S. 214, 217-218, *Local 438* v. *Curry*, 371 U.S. 542, *Pope* v. *Atlantic Coast Line R.R.*, 345 U.S. 379, 381-3, or where the judgment made threatens petitioners with irreparable

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510, *Barber* v. *Rowe*, 200 A.D. 290, 193 N.Y.S. 157, affd. 235 N.Y. 549, *Roth* v. *Zaidenberg*, 272 A.D. 726, 74 N.Y.S.2d 456, affd. 298 N.Y. 809, 10 *Carmody-Wait 2d, Cyclopedia of New York Practice*, pp. 570-1 and 588. It appears that New York appellate courts will simply regard their prior reviewed determinations, whether right or wrong, as simply the "law of the case", *Kirkwood* v. *Smith*, 132 A.D. 578, 117 N.Y.S. 686, *Nelson* v. *Nahtel Corp.*, 247 A.D. 221, 289 N.Y.S 201, 10 *Carmody-Wait 2d* pp. 667-8, and that an appeal from the determination made by the New York Court of Appeals' judgment rendered herein as part of an appeal from such a "final" judgment would even be dismissed, without consideration, *No. 37 & No. 30 Attorney Street, Inc.* v. *Kirshbaum*, 261 A.D. 215, 24 N.Y.S. 2d 766. If this Court were to regard such a refusal to review petitioner's federal claim of right in an appeal thus taken from such a "final" judgment, as based on an "adequate state law ground", petitioners could never obtain a review by this Court of the federal claim they have consistently asserted.

harm, *Cohen* v. *Beneficial Industrial Loan Corp.*, 337 U.S. 541, *California* v. *Stewart*, 384 U.S. 436. In the *Hudson* case, this Court held "final" for purposes of review a preliminary Ohio judgment declaring a state statute valid as against a contention that it was unconstitutional despite further proceedings on state law issues yet to be held in the case. In *Radio Station WOW*, this Court held "final" for purposes of review a state court judgment adjudicating issues of liability and requiring an accounting yet to be had because,

> "the Federal questions that could come here have been adjudicated by the State court, and the accounting which remains to be taken could not remotely give rise to a Federal question."

That is precisely this case. Here, the issues petitioners seek to have reviewed are issues that liability could not properly have been imposed upon them for publication of Mileaf's books as a matter of federal law, and the further accounting proceedings contemplated "as an item for the ascertaining and calculation of damages" (A.17) according to a royalty formula arbitrarily prescribed (A.29) cannot conceivably give rise to a federal question.

It is true that in the *Radio Station WOW* case, an immediate delivery of property was decreed by the judgment involved, and that is no longer this case. But, in light of the Court's subsequent decisions, it is difficult to see why this distinction should be of consequence. Once the federal issue has been finally adjudicated by the highest state court in which a decision can be had, and no possibility exists that the issues may become "moot" by further proceedings, there simply is no recognizable reason for not regarding the judgment as "final" for purposes

of review. Surely, the essential purpose of the "finality" rule, which is to provide a smooth and harmonious state court-Supreme Court relationship is not dis-served in the slightest by recognizing the judgment here as "final".

The judgment affirmed contemplates further proceedings to determine the respondent's damages. But the provisions of such order make a substantial judgment against petitioners an inevitable result since it specifies that the plaintiff "shall have judgment . . . in the amounts (plus appropriate interest) of fifteen percent (15%) of the retail list price of all copies" of the Mileaf books sold (A.29). It is conceded that the petitioners sold substantial numbers of Mileaf books (A.11). There is no dispute as to their list price. The judgment awards damages "in consequence of the publication" of the Mileaf books. It is thus clear that, under the judgment, a response to the question as to the number of books sold leads "inexorably" to a substantial judgment against the petitioners and is final in every sense. There is no remote possibility of any federal question being raised in the calculation of this amount.

Nowhere, in any further state proceedings, can the petitioner raise the federal question now raised before this Court. Nor, in view of the mandatory decree of a substantial judgment based on the mathematical formula prescribed, is there any chance that the further state proceedings would make the question moot.

The judgment here leads inevitably to further lengthy proceedings before the referee "which may all be for

naught" if petitioners' federal contention is well taken but review is postponed until after such proceedings are held and appeals therefrom litigated through the New York appellate courts.

Most importantly, it is clear that the judgment threatens petitioners with irreparable harm if this Court were to delay review of the federal question involved until after all further state court proceedings were completed. While it is true that the judgment does not enjoin continued publication of the Mileaf books, their continued publication is nonetheless at stake. The book publisher cannot afford to indefinitely continue publication of books which New York's highest court has held to breach its contractual obligation to respondent, especially at the arbitrarily pre-judged artificial measure of damages it has permitted to stand, at the risk of incurring further substantial liability to respondent, in the expectation that this Court will, in the future, grant review of a later petition for certiorari from a judgment teminating the litigation. The Mileaf books have proved extremely successful for use in educational programs throughout the country. But schools depend upon their continued ability to re-order books selected for classroom use, and would abandon purchase of the Mileaf books if their publication were discontinued. Books on science and technology subjects all unevitably depreciate in value with the passage of time as new developments occur in the fields with which they deal. Thus, if the book publisher discontinues publication of the Mileaf books until such a possible review is obtainable in the future, the value of the Mileaf books will have been destroyed, and the book publisher will have irreparably lost substantial revenues it would have realized had their publication continued.

Finally, if the judgment is not reviewed now for a want of finality, but petitioners' federal claim of right is vindicated at some later date, in the interim an erroneous ruling of the New York Court of Appeals will have served as the only legal ruling respecting licensees' freedom of competition available in the field of copyright monopoly, and that ruling seriously and obviously undermines the federal law of licensee freedom of competition, by inhibiting their publication of competing educational books.

Requests

1. If this Court should deny the petition for certiorari for a lack of "finality" of the judgment sought to be reviewed, petitioners' respectfully request that the Court's order denying the petition so indicate.

2. Petitioners have shown (p. 14 of the petition) and respondent has not disputed that the federal question presented by the petition for certiorari was duly and properly raised by petitioners before the New York Court of Appeals.[1] If, however, this Court doubts that this is adequate-

1. In addition to petitioners' first affirmative defense to the action based upon the antitrust laws of the United States referred to at p. 13 of the petition, they also alleged, as a second affirmative defense, that since respondent's books were copyrighted under the laws of the United States, it had no legal right to prohibit publication, distribution or sale of any book by them on grounds that it had some similar public domain characteristic as respondent's books (R.I.74). The two defenses were obviously inter-related and asserted together upon petitioners' appeals in the New York appellate courts. See the portions of their briefs on appeals referred to at p. 14 of the petition, on file with the Clerk's Office. The issues were raised by points in briefs on appeal because, under New York practice, this is the only way that claims of errors may be raised upon appeals, as this Court has recognized, *Bryant* v. *Zimmerman,* 278 U.S. 63, 68.

ly shown, petitioners respectfully request that they be so advised and that consideration of the petition be deferred to accord them an opportunity to obtain a certificate from the New York Court of Appeals so indicating.

3. If the Court believes that it was necessary for the New York Court of Appeals to decide the federal question raised by the petition to have rendered its judgment in this case, but that the New York Court of Appeals did not actually do so, petitioners suggest that it is appropriate and request that its judgment be vacated and the case remanded to the New York Court of Appeals for such purpose.

Respectfully submitted,

JOHN E. HAIGNEY
41 East 42nd Street
New York, New York 10017

Counsel for Petitioners

August 23, 1972

APPENDIX

Appellate Division's Order Granting Hayden Publishing Company, Inc., Permission to Appeal to the Court of Appeals

At a term of the Appellate Division of the Supreme Court held in and for the First Judicial Department in the County of New York, on the 5th day of May, 1970.

Present

Hon. Harold A. Stevens, Presiding Justice,
Samuel W. Eager,
Louis J. Capozzoli,
Emilio Nunez,
James B. M. McNally, Justices.

M-2984

VAN VALKENBURGH, NOOGER & NEVILLE, INC.,
Plaintiff-Respondent,

against

HAYDEN PUBLISHING COMPANY, INC., and
HAYDEN BOOK COMPANY, INC.,
Defendants-Appellants.

The above-named defendant-appellant Hayden Publishing Company, Inc. having moved for leave to appeal to the Court of Appeals from the order of this Court entered on February 6, 1970,

Appendix—Appellate Division's Order

Now, upon reading and filing the notice of motion, with proof of due service thereof, and the affidavits of John E. Haigney in support of said motion, and the affidavit of Ephraim S. London in opposition thereto, and after hearing Mr. John E. Haigney for the motion, and Mr. Ephraim S. London opposed,

It is ordered that said motion be and the same hereby is granted, and this Court, pursuant to CPLR 5713, certifies that the following question of law, decisive of the correctness of its determination has arisen, which in its opinion ought to be reviewed by the Court of Appeals:

> "Was the order of this Court entered on February 6, 1970, which modified the judgment of the Supreme Court, properly made?"

This Court further certifies that its determination was made as a matter of law and not in the exercise of discretion.

Enter:

Hyman W. Gamso
Clerk

Appellate Division's Order Granting Hayden Book Company, Inc., Permission to Appeal to the Court of Appeals

At a term of the Appellate Division of the Supreme Court held in and for the First Judicial Department in the County of New York, on the 5th day of May, 1970.

Present

Hon. Harold A. Stevens, Presiding Justice,
Samuel W. Eager,
Louis J. Capozzoli,
Emilio Nunez,
James B. M. McNally, Justices.

M-3117

VAN VALKENBURGH, NOOGER & NEVILLE, INC.,
Plaintiff-Respondent,

against

HAYDEN PUBLISHING COMPANY, INC., and
HAYDEN BOOK COMPANY, INC.,
Defendants-Appellants.

The above-named defendant-appellant Hayden Book Company, Inc. having moved for leave to appeal to the Court of Appeals from the order of this Court entered on February 6, 1970,

Appendix—Appellate Division's Order

Now, upon reading and filing the notice of motion, with proof of due service thereof, and the affidavits of Ronald M. Glick in support of said motion, and the affidavit of Ephraim London in opposition thereto, and after hearing Mr. Ronald M. Glick for the motion, and Mr. Ephraim S. London opposed,

It is ordered that said motion be and the same hereby is granted, and this Court, pursuant to CPLR 5713, certifies that the following question of law, decisive of the correctness of its determination has arisen, which in its opinion ought to be reviewed by the Court of Appeals:

> "Was the order of this Court entered on February 6, 1970, which modified the judgment of the Supreme Court, properly made?"

This Court further certifies that its determination was made as a matter of law and not in the exercise of discretion.

Enter:

Hyman W. Gamso
Clerk

Appellate Division's Resettled Order Granting Van Valkenburgh, Nooger & Neville, Inc., Permission to Appeal to the Court of Appeals

At a term of the Appellate Division of the Supreme Court held in and for the First Judicial Department in the County of New York, on May 27, 1971.

Present

Hon. Harold A. Stevens, Presiding Justice,
Samuel W. Eager,
Louis J. Capozzoli,
Emilio Nunez,
James B. M. McNally, Justices.

M-6541

VAN VALKENBURGH, NOOGER & NEVILLE, INC.,
Plaintiff-Respondent,

against

HAYDEN PUBLISHING COMPANY, INC., and
HAYDEN BOOK COMPANY, INC.,
Defendants-Appellants.

An application having been made to this Court by the above-named plaintiff-respondent for an order resettling the order of this Court entered and filed in the office of the Clerk of this Court on May 5, 1970,

Appendix—Appellate Division's Resettled Order

Now, upon reading and filing the notice of motion, with proof of due service thereof, and the affidavits of Ephraim London in support of said motion, and the affidavits of John E. Haigney and the affidavit of Ronald M. Glick in opposition thereto, and after hearing Mr. Ephraim London for the motion, and Mr. John E. Haigney opposed,

It is ordered that said motion be and the same hereby is granted and the order of this Court entered on May 5, 1970 (M-3002) is resettled to read as follows:

> At a term of the Appellate Division of the Supreme Court held in and for the First Judicial Department in the County of New York, on the 5th day of May, 1970.

Present

Hon. Harold A. Stevens, Presiding Justice,
Samuel W. Eager,
Louis J. Capozzoli,
Emilio Nunez,
James B. M. McNally, Justices.

M-3002

VAN VALKENBURGH, NOOGER & NEVILLE, INC.,
Plaintiff-Respondent,

against

HAYDEN PUBLISHING COMPANY, INC., and
HAYDEN BOOK COMPANY, INC.,
Defendants-Appellants.

Appendix—Appellate Division's Resettled Order

The above-named plaintiff-respondent having moved for leave to appeal to the Court of Appeals from so much of the order of this Court entered on February 6, 1970, as modified the judgment of the Supreme Court, New York County, entered on December 10, 1968,

Now, upon reading and filing the notice of cross-motion, with proof of due service thereof, and the affidavit of Ephraim S. London in support of said motion, and the affidavit of Ronald M. Glick in opposition thereto, and after hearing Mr. Ephraim S. London for the motion, and Mr. Ronald M. Glick opposed,

It is ordered that said motion be and the same hereby is granted, and this Court, pursuant to CPLR 5713, certifies that the following question of law, decisive of the correctness of its determination has arisen, which in its opinion ought to be reviewed by the Court of Appeals:

> "Was the order of this Court, which modified the judgment of the Supreme Court, properly made?"

This Court further certifies that its determination was made as a matter of law and not in the exercise of discretion.

Enter:

/s/ Hyman W. Gamso
Clerk.

Enter:

Harold A. Stevens